

SECTION 57--INFORMATION ON ERRONEOUS PAYMENTS

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Summary of Changes

Requires agencies to submit erroneous payment data, assessments, and action plans with their initial budget submissions.

Drops the requirement, previously included in this section, for information on programs funded by the Violent crime reduction trust fund.

57.1 What is an erroneous payment?

“Erroneous payments” are payments made under the programs listed in Exhibit 57 that should not have been made or were made for an incorrect amount. In this context, “payments” include the provision of benefits that do not necessarily involve cash disbursements (e.g., loan guarantees). Examples of erroneous payments include payments to ineligible persons or the wrong organizations, payments in the wrong amount, payments for ineligible services, duplicate or other overpayments, and payments for services never received. Erroneous payments may be due to procedural or administrative errors made by the payor (e.g., providing incorrect account numbers in payment instructions) or errors or fraud by payees or claimants (e.g., under reporting of income by beneficiary). Covered payments include overpayments and underpayments made by the Federal Government, its direct contractors, and by States or other grant recipients administering Federal programs.

57.2 Who must report erroneous payment information and when is it due?

Agencies listed in Exhibit 57 must report erroneous payment information for the programs shown.

This information is due with your initial budget submission.

57.3 What materials must I provide?

(a) *Erroneous payments data.*

For (1) all direct programs (programs listed in Exhibit 57 administered directly by the Federal government or its direct contractors) and (2) indirect programs (programs listed in Exhibit 57 administered by or with States or other organizations) where erroneous payment rates are currently being estimated, submit the following data:

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- Estimated erroneous payment rates (number of estimated erroneous payments/total number of payments and dollar value of estimated erroneous payments/dollar value of total payments) projected for FY 2001.
- Actual rates for FYs 1999 and 2000, if available.
- Target rates (goals) for FYs 2002 and 2003.

Discuss the types and causes of erroneous payments and variances from targets or goals that were established. Also provide a description and assessment of the current methods for measuring the rate of erroneous payments and the quality of data resulting from these methods.

For indirect programs listed in Exhibit 57 where erroneous payment rates are *not* currently estimated, submit an analysis and description of whether and how erroneous payments could be estimated. Include an analysis of the costs and benefits of collecting new or additional data. Your analysis should consider programmatic and legal obstacles to collecting additional data or establishing estimation procedures.

(b) Assessment and action plan.

For all programs listed in Exhibit 57, provide an assessment of the efficacy of current agency efforts to minimize erroneous payments, including an analysis of the rate (where available) to determine causes and corrective actions. Describe additional actions your agency could take to *prevent* erroneous payments and to *correct* erroneous payments made (i.e., recovering overpayments and making up underpayments). Evaluate the costs and benefits of implementing these corrective actions and describe programmatic and legal considerations. Indicate whether and to what extent undertaking these actions would hinder the achievement of major program objectives.

OMB will review your assessment and coordinate with you to develop detailed action plans on a program-by-program basis.

(c) Agency contact point.

Include the name(s) and telephone number(s) of the preparer(s) for the information for each program.

PROGRAMS FOR WHICH ERRONEOUS PAYMENT INFORMATION IS REQUESTED

Erroneous payment information is requested for the following:

Department of Agriculture	Highway Planning and Construction
Food Stamps	Federal Transit - Capital Investment Grants
Commodity Loan Program	Federal Transit - Formula Grants
National School Lunch and Breakfast	
Women, Infants, and Children	Department of Veterans Affairs
	Compensation
Department of Defense	Dependency and Indemnity Compensation
Military Retirement	Pension
Military Health Benefits	Insurance Programs
Department of Education	Agency for International Development
Student Financial Assistance	
Title I	Environmental Protection Agency
Special Education - Grants to States	Clean Water State Revolving Funds
Vocational Rehabilitation Grants to States	Drinking Water State Revolving Funds
Department of Health and Human Services	National Science Foundation
Head Start	Research and Education Grants and
Medicare	Cooperative Agreements
Medicaid	
TANF	Office of Personnel Management
Foster Care-Title IV-E	Retirement Program (CSRS and FERS)
Child Support Enforcement	Federal Employees Health Benefits Program
State Children's Insurance Program	(FEHBP)
Child Care and Development Fund	Federal Employees' Group Life Insurance
	(FEGLI)
Department of Housing and Urban Development	Railroad Retirement Board
Low Income Public Housing	Retirement and Survivors Benefits
Section 8 Tenant-Based	Railroad Unemployment Insurance Benefits
Section 8 Project Based	
Community Development Block Grants	
(Entitlement Grants, States/Small Cities)	
Department of Labor	Small Business Administration
Unemployment Insurance	(7a) Business Loan Program
Federal Employee Compensation Act	(504) Certified Development Companies
Workforce Investment Act	Disaster Assistance
	Small Business Investment Companies
Department of Treasury	Social Security Administration
Earned Income Tax Credit	Old Age and Survivors' Insurance
	Disability Insurance
	Supplemental Security Income Program
Department of Transportation	
Airport Improvement Program	